

THE LEONARD LETTER

November 28, 2005

QUOTE OF THE WEEK

*"If the fires of freedom and civil liberties burn low in other lands, they must be made brighter in our own. If in other lands the press and books and literature of all kinds are censored, we must redouble our efforts here to keep them free. If in other lands the eternal truths of the past are threatened by intolerance, we must provide a safe place for their perception." --- Franklin D. Roosevelt
(1882-1945), 32nd U.S. President
Source: Speech, 30 June 1938*

AROUND THE STATE

*****Government Profits at the Pump*****

There was an interesting column on National Review OnLine last week by Tax Foundation members Hodge and Williams about oil profits. They decided to do something a little different than looking at how well oil companies have done. Instead, they focused on how government makes out at the pump. According to the authors, Americans pay an average of 45.9 cents in taxes per gallon, broken down as: 18.4 cents for the feds, with state and local averaging 27.5 cents. California levies an 18 cent motor fuel tax at the pump, plus sales tax (thus, California's "tax on a tax"). BoE staff produces an estimate of the taxable sales of gasoline on a quarterly basis so that the transfer can be made to the state's Public Transportation Account. From the sale of gasoline, the state is expecting to bring in \$203 million more sales tax revenue than it anticipated from the first nine months of this year. Our researchers say it is hard to gauge how much extra came in from the emergency spike in gas prices for the total sales tax picture because consumers spend less on other taxable items when fuel prices spike.

In total, U.S. taxes on gasoline brought in more than \$54 billion to federal and state coffers last year. Taxes on diesel brought in more. This year's total is clearly going to be much higher. By the authors' estimation, over the past 25 years, major oil companies have also paid about \$518 billion in corporate income taxes. They also pay offshore royalites, severance taxes, property taxes, and payroll taxes, and on and on.

There is a worthwhile lesson we can extrapolate from this. If you are looking for villains because of high fuel prices, it is disingenuous to ignore government's portion of the price of each gallon of gas.

*****Voices of Reform*****

One of the conclusions from the results of the special election is that voters are tired of trying to govern from the ballot box; people want the governor and legislature to solve the state's problems themselves. There is serious work to do to fix what is broken about our state and last week the Commonwealth Club of California's Voice of Reform Project sent letters that I co-signed to Governor Schwarzenegger and the four legislative leaders urging them to continue pursuing structural changes that will improve governance. The Voices of Reform Project was formed in response to the Governor's 2003 call for reform ideas, and plans to continue hosting meetings with people around the state to identify reforms that could significantly improve our state. The Commonwealth Club welcomes input from anyone and plans to assemble the recommendations by June of 2006. To add your voice to this effort, visit <http://www.commonwealthclub.org/features/reform/mainpage.html>.

*****Telecommuting and Taxes*****

The next time you are stuck in traffic, consider a new study from the Reason Foundation: "The Quiet Success: Telecommuting's Impact on Transportation and Beyond" by Ted Balaker. (<http://www.reason.org/ps338.pdf>) Balaker finds that telecommuting "may be the most cost-effective way to reduce rush-hour traffic" and that it also helps improve air quality, expands opportunities for disabled workers, and can make companies more profitable. About 4.5 million Americans telecommute most work days, and roughly 20 million telecommute sometime during a month. Imagine the reduction in traffic congestion if those numbers increased. Since telecommuting is much cheaper on our infrastructure budgets than other traffic-reducing measures like trains, government should make it a more attractive option. Balaker's report includes recommendations on changes to zoning laws, telemedicine licensing, and workplace safety rules. Tax laws also need examination. For example, if an employee of a New York City company telecommutes from his home in Tennessee, which state should receive the worker's income taxes?

*****Sharing the Spirit*****

Being away from home and family during the holidays is hard. Being halfway around the world and serving in the military makes missing loved ones even harder. Show your support for the men and women of our armed forces by going to <http://www.anysoldier.com> and learn what you can do to help them. This site explains what items—from snacks to kneepads-- our troops could use to make their daily lives more comfortable and how to get those items to them. There is a list of soldiers (airmen, marine, sailor and coastguards, too) from which to choose adoptees and then all the details about how to get a care package to them.

ISSUE FOCUS

*****UC Favors Racial Discrimination*****

UC Berkeley Chancellor Robert Birgeneau recently announced his encouragement for students who wish to repeal the anti-racial discrimination law known as Proposition 209, which banned racial considerations in university admissions and employment. In the

kind of doublespeak only understood in an ivy tower, he said he wanted the power to discriminate racially so that he could meet his definition of non-discrimination. Maybe we should just sell off UC Berkeley so that we could balance the state budget and get rid of state sponsored racism at the same time.

*****Calling New Board Members*****

If you are a newly elected member of a school board, I encourage you to consider attending a training seminar hosted by the Pacific Research Institute in San Diego on November 30th. The workshop is designed to help new board members learn how to make effective changes in their local schools, including teacher evaluation, curriculum selection and overcoming the status quo of the education establishment. The seminar leaders are experienced board members and education experts. I believe you will find the information stimulating and unique. For more information, contact Xiaochin Clair Yan at xyan@pacificresearch.org. Also, visit the Institute's website at www.pacificresearch.org to download a handbook for new school board members.

MISCELLANY

*****A Good Read*****

I have in recent weeks talked about the need for immigrants to this country to assimilate. Such assimilation is not limited to being fluent in English. It must also include a knowledge of the shared information that is "the foundation of our public discourse," which allows us to "comprehend our daily newspapers and news reports, to understand our peers and leaders, and even to share our jokes." E.D. Hirsch, Jr. first wrote about this concept in "Cultural Literacy: What Every American Needs to Know" in 1987. He tied his discussion to the need for educational reform and explained how the skill of reading must be linked to the content of what is read. His criticism of education at that time was right on: schools had abdicated their responsibility to impart this cultural knowledge and were shifting to the dismal "whole language" approach to reading. Hirsch ended the book with an actual list of what every American who graduates from high school should know. He followed that up with "The Dictionary of Cultural Literacy," which expands on the list by telling the stories connected to each piece of knowledge. Hirsch updated "Cultural Literacy" in 2002, and I recommend you pick up this new version and a copy of the Dictionary. You can test your own knowledge, and make sure that the young people in your life are familiar with the concepts that make them uniquely American.

BOE AND LEGISLATIVE DATES

December 13-14, 2005 --- BOE meets in Sacramento.

December 25, 2005 --- Christmas Day.

December 16, 2005 --- State offices closed in observation of Christmas.

December 30, 2005 --- First day to file petitions in-lieu of the filing fee for the June 2006 primary election.

January 2, 2006 --- Legislature reconvenes; other state offices closed in observation of Christmas.

January 16, 2006 --- Martin Luther King Jr. holiday.

January 31-February 1, 2006 --- BOE meets in Sacramento.

NOTABLE DATES/ HISTORY

November 28, 1520 --- Portuguese navigator Ferdinand Magellan reached the Pacific Ocean via the South American strait that now bears his name.

November 28, 1895 --- The first U.S. auto race was held with six drivers going from Chicago to Waukegan, IL.

November 28, 1995 --- President Bill Clinton signed a bill to end the 55 miles per hour federal speed limit.

November 28, 1990 --- Margaret Thatcher resigned as Prime Minister of Britain.

November 29, 1947 --- A United Nations resolution passes to divide Palestine between Arabs and Jews.

November 29, 2001 --- George Harrison, former lead guitarist for The Beatles died of cancer in Los Angeles at age 58.

November 30, 1943 --- At the Tehran Conference, Franklin Roosevelt, Winston Churchill & Josef Stalin agreed to Operation Overlord (D-Day).

December 1, 1824 --- The House of Representatives began deliberations to end the election deadlock between John Quincy Adams, Andrew Jackson, William Harris Crawford and Henry Clay. Adams was eventually declared president.

December 1, 1878 --- The first White House telephone was installed.

December 2, 1816 --- The first savings bank, Philadelphia Savings Fund Society, opened in the U.S.

December 2, 1954 --- The U.S. Senate censured Senator Joe McCarthy for “conduct that tends to bring the Senate into dishonor and disrepute.”

December 2, 1981 --- The Moscone Convention Center in San Francisco opened at 11:30am.

December 2, 1981 --- Fernando Valenzuela (Dodgers) was named the National League Rookie of the Year.

December 3, 1847 --- Frederick Douglass published the first issue of his newspaper "North Star."

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115
TDD service for the hearing impaired
TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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